

TITLE 74: PUBLIC FINANCE
CHAPTER V: TREASURER

PART 721
SECURE CHOICE SAVINGS PROGRAM

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AUTHORITY: Implementing and authorized by Section 90 of the Illinois Secure Choice Savings Program Act [820 ILCS 80].

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SUBPART B: DEFINITIONS

Section 721.200 Definitions

The following definitions shall apply to this Part:

"Act" means the Illinois Secure Choice Savings Program Act [820 ILCS 80].

"Account" means the IRA of a participant established and maintained under the Program.

"Account Administrator" means the person or firm selected by the Board to administer the daily operations of the Program and provide marketing,

recordkeeping, investment management, custodial, and other services for the Program.

"Account Revocation Period" means the period of time starting from the date an employee's IRA is established and the employee receives the disclosure statement and ending on the earlier of:

90 days after the date of the employee's first Secure Choice Account contribution; or

the Close of Business on the Business Day that the employee makes an Alternate Contribution Election;

provided, however, the Account Revocation Period shall last a minimum of seven days from the date the IRA is established and the employee receives the disclosure statement.

"Administrative Expenses" means all expenses associated with the implementation and administration of the Program, including fees payable to third parties providing services related to the Program.

"Administrative Fund" means the Illinois Secure Choice Administrative Fund created in Section 5.867 of the State Finance Act [30 ILCS 105].

"Beneficiary" means any person or entity designated by the participant to receive the benefits of the account in the event that the participant dies.

"Board" means the Illinois Secure Choice Savings Board or its designee or designees, which includes the Treasurer or one or more third party service providers.

"Business Day" means any day on which the New York Stock Exchange is open for trading.

"Client Employer" means an individual or entity that has contracted with a Professional Employer Organization to supply it with, or assume responsibility for, personnel management of one or more workers who perform services on an ongoing basis, rather than under a temporary help arrangement as defined in Section 15 of the Employee Leasing Company Act [215 ILCS 113]. For purposes of this Part, an employee who is performing services for a client employer pursuant to a contract between the client employer and a PEO shall be treated as employed by the client employer.

"Close of Business" means the time of day that trading closes on the New York Stock Exchange, generally 4 p.m. Eastern Standard Time.

"Day" means any calendar day.

"Department" means the Illinois Department of Revenue.

"Employee" means any individual who is ~~18 years of age or older, who is~~ employed by an employer or client employer, and who has wages that are allocable to Illinois during a calendar year under the provisions of Section 304(a)(2)(B) of the Illinois Income Tax Act [35 ILCS 5]. "Employee" includes both part-time and full-time employees.

"Employer" means a person, entity or client employer engaged in a business, industry, profession, trade, or other enterprise in Illinois, whether for profit or not for profit, that:

~~has, at no time during the previous calendar year, employed at least 5 fewer than 25 employees in the State during every quarter of the previous calendar year~~ as indicated in employer-reported quarterly data ~~contribution and wage reports~~ submitted to the ~~Illinois Department of Employment Security~~;

~~has been in business at least 2 years; and~~

~~has not offered a qualified retirement plan in the preceding 2 years.~~

"Fund" means the Illinois Secure Choice Savings Program Fund.

"Internal Revenue Code" means Internal Revenue Code of 1986 (26 USC), or any successor law, in effect for the calendar year.

"Investment Policy" means the Investment Policy Statement adopted by the Board, pursuant to the Act, which includes a risk management and oversight program and sets forth the policies, objectives and guidelines that govern the investment of contributions to the Program.

"IRA" means a Roth or Traditional IRA (individual retirement account) under section 408 or 408A of the Internal Revenue Code.

"IRS" means the Internal Revenue Service.

~~"Large Employer" means a person or entity engaged in a business, industry, profession, trade, or other enterprise in Illinois, whether for profit or not for profit, that:~~

~~has, at no time during the previous calendar year, employed fewer than 25 employees in the State, as indicated in contribution and wage reports submitted to the Illinois Department of Employment Security;~~

~~has been in business at least 2 years; and~~

~~offers a qualified retirement plan, but notifies the Board that it is interested in making the Program available to its employees in addition to its own qualified retirement plan.~~

"Online Portal" means the electronic platform utilized by the account administrator to manage the daily operations of the Program.

"Participant" or "Enrollee" means any individual who has an account.

"Participating Employer" means an employer, ~~large employer~~, small employer, or client employer that facilitates a payroll deposit retirement savings arrangement as provided for by the Act for its employees.

"Payroll Deposit Retirement Savings Arrangement" means an arrangement by which a participating employer facilitates payroll deduction contributions from enrollees to the Program.

"Professional Employer Organization" or "PEO" means an individual or entity that contracts with a client employer to supply or assume responsibility for personnel management of one or more workers who perform services for the client employer on an ongoing basis, rather than under a temporary help arrangement as defined in Section 15 of the Employee Leasing Company Act. For purposes of this Part, PEOs are not the employer of any employee who is performing services for a client employer pursuant to a contract between the client employer and a PEO.

"Program" means the Illinois Secure Choice Savings Program.

"Qualified Retirement Plan" includes a plan qualified under section 401(a), 401(k), 403(a), 403(b), 408(k) or 408(p) of the Internal Revenue Code. The term also includes an eligible governmental plan under section 457(b) of the Internal Revenue Code, as well as Simplified Employee Pension (SEP) plans, Savings

Incentive Match Plan for Employees (SIMPLE) plans, and Taft-Hartley plans. Payroll deduction IRA programs are not qualified retirement plans.

"Small Employer" means a person or entity engaged in a business, industry, profession, trade, or other enterprise in Illinois, whether for profit or not for profit, that:

employed fewer than ~~525~~ employees during any quarter of~~at any one time in the State throughout~~ the previous calendar year, as indicated in employer-reported quarterly data~~contribution and wage reports~~ submitted to the ~~Illinois~~ Department of Employment Security;

has been in business less than 2 years; or

meets both of these criteria,

but notifies the Board that it is interested in being a participating employer.

"Treasurer" means the duly elected Treasurer of the State of Illinois or his or her designee or designees.

"Wages" means W-2 wages, as defined in 26 CFR 1.415(c) through 2(d)(4), that are *received by an enrollee from a participating employer during the calendar year.* [820 ILCS 80/5] For purposes of this Part, wages paid to employees by PEOs on behalf of a client employer shall be deemed wages paid by a client employer.

"Withdrawal" means a distribution of assets from an account.

(Source: Amended at 46 Ill. Reg. _____, effective _____)

SUBPART C: ADMINISTRATION

Section 721.300 Responsibilities of the Board

The Board is responsible for the administration, management and oversight of the Program. Its responsibilities include, but are not limited to:

- a) designing and establishing a Program that is simple, safe, efficient, and in accordance with best practices for retirement savings vehicles;

- b) contracting with third party providers such as investment managers, recordkeepers, consultants, auditors, counsel, or other providers as necessary for the administration of the Program;
- c) establishing an investment framework and selecting investment funds;
- d) establishing the enrollment and contribution processes for participants, including voluntary participation;
- e) identifying and contacting employers required to participate in the Program;
- f) establishing the default investment option, default contribution rate, [automatic-escalation process](#), and additional investment options, if any;
- g) monitoring, replacing and removing investment options;
- h) conducting outreach and education to employers and employees;
- i) designing and disseminating program materials and information, including employee and employer information packets;
- j) providing for the payment of any administrative or investment costs necessary to manage or operate the Program;
- k) overseeing and managing the Fund;
- l) preparing and adopting a written investment policy statement and risk management and oversight program; and
- m) preparing and submitting an annual audit of the Program to the Governor, Comptroller, Treasurer, and Illinois General Assembly.

(Source: Amended at 46 Ill. Reg. _____, effective _____)

SUBPART D: PARTICIPATION IN THE PROGRAM

Section 721.400 Eligibility

- a) Provided they meet the requirements of section 408 and 408(A) of the Internal Revenue Code, the following individuals are eligible to participate in the Program:

- 1) All employees 18 years or older, who work for employers that have ~~525~~ or more employees, that have been in business for at least 2 years, and that do not offer qualified retirement plans will be automatically enrolled in the Program;
 - 2) All employees who work for a small employer that chooses to make the Program available to its employees;
 - ~~3) All employees who work for a large employer that chooses to make the Program available to its employees in addition to its own qualified retirement plan;~~
 - 34) Any employee who does not work for a participating employer may set up his or her own account but may be required to make contributions through methods other than a payroll deduction; and
 - 45) Any individual with earned income during the calendar year, regardless of whether he or she works for an employer.
- b) Total employee count is based on employer reported quarterly data ~~contribution and wage reports~~ submitted to the ~~Illinois~~ Department of Employment Security. ~~Entities reporting at least 25 employees for all four quarters of the calendar year will be deemed to have 25 employees for a full calendar year. Entities reporting fewer than 25 employees for one or more quarters of the calendar year will be deemed as having fewer than 25 employees for the full calendar year.~~

(Source: Amended at 46 Ill. Reg. _____, effective _____)

Section 721.410 Registration and Enrollment

- a) The Board shall establish an ~~initial~~ implementation timeline under which employers shall register for the Program and facilitate enrollment of their employees into the Program. The Board shall approve the implementation timeline at a public meeting of the Board and make the timeline publicly available by posting it on the Board's or Treasurer's website (see Section 721.720).
- b) After ~~initial~~ implementation, the Board shall identify and notify employers not yet registered for the Program and facilitate enrollment of their employees into the Program on an annual basis.
- c) The account administrator shall notify employers of the dates on which registration and enrollment of employees may begin and the dates by which registration of employers and enrollment of employees must be complete. The

account administrator shall also provide employers with access to an online portal to register for the Program and facilitate enrollment of their employees.

d) Registration Information

1) In order to register for the Program, employers shall verify the following information on the online portal:

- A) Employer name and assumed business name, if any;
- B) Federal Employer Identification Number;
- C) Employer mailing address;
- D) Name, title, telephone number and email address of an individual designated by the employer to serve as the point of contact;
- E) Number of employees; and
- F) Any additional information necessary for registration.

2) In the event that any of the information listed in this subsection (d) is not available on the online portal or inaccurate, employers shall provide the missing or correct information, as applicable.

e) An employer who lacks access to the internet may register for the Program and facilitate enrollment of its employees through alternate means established by the Program, including by phone and paper forms.

f) By a date specified by the Board, employers shall facilitate enrollment of their employees into the Program and provide the account administrator with the following information for each employee:

- 1) Full legal name;
- 2) Social security number or taxpayer ID number;
- 3) Date of birth;
- 4) Mailing address;
- 5) Employee's designated email address, if available;

- 6) Employee's phone number, if available; and
- 7) Any additional information needed to complete the enrollment when the information submitted for enrollment is unclear or insufficient, or when further information is required for purposes of administering the Program.
- g) The Board shall establish an automatic enrollment process for employees, which shall include the establishment of an IRA by or on behalf of the State for an employee before the first payroll deduction is made for each employee who has not opted out of the Program.
- h) After initially facilitating enrollment of existing employees into the Program, participating employers shall enroll newly hired employees in the Program as soon as administratively possible, not to exceed 60 days after first payment of employee wages.
- i) Participating employers shall not contribute to or endorse the Program, or execute any discretionary authority, control, or responsibility with respect to the Program.
- j) Any employer who is not required to participate in the Program but receives a registration notification from the account administrator shall indicate to the Program, through the online portal or by contacting the account administrator, that it is not required to participate.

(Source: Amended at 46 Ill. Reg. _____, effective _____)

Section 721.420 Voluntary Participation

- a) Small employers ~~and large employers~~ may choose to make the Program available to their employees.
- b) Small employers ~~or large employers~~ who choose to make the Program available to their employees shall notify the account administrator and shall register for the Program using the online portal.
- c) The account administrator will develop a process that allows for the enrollment of employees from small employers ~~and large employers~~ that choose to make the Program available to their employees.
- d) The Board may, but need not, choose to allow for the automatic enrollment of employees from small employers ~~and large employers~~ as described in Section 721.410.

- e) The Board may allow individuals who do not work for a participating employer to enroll in the Program. The account administrator will develop a process that allows those individuals to open accounts and make contributions separate from an employer payroll system.

(Source: Amended at 46 Ill. Reg. _____, effective _____)

SUBPART E: ACCOUNTS, INVESTMENTS AND STATEMENTS

Section 721.515 Automatic-Escalation

- a) Contributions for participants who have been enrolled in the program for at least six months will automatically increase by 1% of an enrollee's wages at the beginning of each subsequent calendar year, up to a maximum of 10% of an enrollee's wages.
- b) The account administrator shall notify all eligible enrollees in advance of any automatic contribution increase to allow for enrollees to opt out of auto-escalation or make alternative changes to their contribution rate.
- c) The account administrator shall notify employers in advance of any automatic contribution increase for their eligible participant employees, and the employer shall enter the contribution changes into its payroll system as soon as administratively possible, not to exceed 30 days following receipt of the notification.
- d) Participants may adjust the rate of their automatic increase, opt in to automatic escalation, or opt out of automatic escalation at any time by notifying the account administrator.

(Source: Added at 46 Ill. Reg. _____, effective _____)